

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA Title III

Case No. 17-BK-3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as a representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

PROMESA Title III

Case No. 17-BK-4780-LTS

THE FINANCIAL OVERSIGHT AND MANAGEMENT  
BOARD FOR PUERTO RICO,

Plaintiff

v.

HON. PEDRO PIERLUISI, in his official capacity as  
Governor of Puerto Rico,

Defendant

and

Adv. Proc. No. 24-00062-LTS

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

SENATE OF PUERTO RICO, through Hon. José Luis Dalmau, in his official capacity as President of the Senate of Puerto Rico,

Intervenor – Defendant

**DECLARATION OF LUCAS PORTER IN CONNECTION WITH THE GOVERNOR’S  
OPPOSITION TO FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR  
PUERTO RICO’S MOTION FOR SUMMARY JUDGMENT**

I, Lucas Porter, under 28 U.S.C. § 1746, hereby declare:

1. I am a Managing Director at Ankura Consulting Group, LLC (“Ankura”), a bankruptcy and restructuring advisor to the Puerto Rico Electric Power Authority (“PREPA”). Except where otherwise specified, I submit this declaration based on my personal knowledge, and if called on to testify about these matters under oath, I could do so competently.

2. I have more than 14 years of experience supporting government-owned companies, corporate clients, and institutional investors on complex restructuring and M&A advisory assignments, including economic modeling, financial forecasting, transaction due diligence, company and asset valuation, and risk-return analyses. Most of my work has been focused on North American power utilities. I hold a BA in Economics from Boston College. I am a CFA Charterholder, FINRA Series 50 Registered Municipal Advisor Representative, Certified Insolvency and Restructuring Advisor, and former FINRA Series 7, 63, and 79 Representative.

3. Ankura has served as PREPA’s bankruptcy and restructuring advisor since 2017.

### **PREPA's Fiscal Plan**

4. Since 2017, my team at Ankura has assisted PREPA with its fiscal plan development. I have personally worked on every fiscal plan that the Financial Oversight and Management Board for Puerto Rico ("FOMB") has certified for PREPA since 2017.

5. Since 2021, LUMA Energy ("LUMA") and since 2023, Genera PR ("Genera") have supplied PREPA with data and forecasts that are directly relevant to their respective operations, rather than PREPA preparing them in the first instance. One of my Ankura team's tasks—as directed by PREPA—is to gather and input data prepared by LUMA and Genera into the financial model on which the fiscal plan is based.

6. As with any financial model, the model on which PREPA's certified fiscal plan is based rests on numerous basic assumptions necessary to forecast future revenues and costs. Such assumptions typically include electric system generation and associated fuel prices and unit dispatch costs, customer demand and sales, labor and non-labor operating & maintenance and administrative expenses, among others. The financial projections for the PREPA certified fiscal plan are based on the macroeconomic projections for Puerto Rico prepared and provided by FOMB and consistent with the FOMB certified fiscal plan for Puerto Rico.

### **Net Metering in Puerto Rico**

7. Like many jurisdictions, Puerto Rico operates a net metering program to incentivize a transformation of its electric grid toward renewable energy sources and Distributed Generation ("DG"), which means decentralizing the generation of electricity so that it occurs closer to where it will be used.

8. Under Puerto Rico's net metering program, participating ratepayers who produce energy through rooftop solar panels receive credits for excess energy that ratepayers send to the

grid that they do not use themselves. The determination of whether a net metering customer will receive a credit is made on a monthly basis by LUMA, the transmission and distribution system operator responsible for billing customers served by the PREPA-owned system. As a simple illustration, imagine that a household produces 100 kWh (kilowatt-hours) in a month but only ends up using 90 kWh. The remaining 10 kWh (i.e., the net energy) is sent to the grid for other households to use. For that month, that household is considered an “exporter” for net metering purposes, and will receive a credit that is available to offset the ratepayer’s future electricity consumption.

9. Credits are not paid on a monthly basis, however. Rather, LUMA uses the monthly credit to offset the ratepayer’s next monthly bill, reducing the amount owed on a kilowatt-hour for kilowatt-hour basis. This means that on its bill, a household will receive one full kilowatt-hour of credit for each kilowatt-hour that it exported in the previous month, sometimes referred to as a 1:1 ratio.

10. If, at the end of the fiscal year ending June 30, a ratepayer has accumulated unused credits, the ratepayer is then paid for the accumulated unused credits. But that payment is not made on a 1:1 basis. Rather, under the current net-metering program, the ratepayer receives credit for only 75% of the kilowatt-hours the ratepayer has exported to the grid in excess of her consumption. And the ratepayer does not receive the full retail rate for those reduced kilowatt-hours, but instead receives the greater of either \$0.10 per kilowatt-hour or the full retail rate less fuel and purchased power charges.

11. Historically, the rate used for year-end net-metering credit payments has consistently been \$0.10, which is less than half of the current average retail rate in Puerto Rico of \$0.25 for the quarter ending on September 30, 2024. Thus, giving effect to the reduction of

kilowatt-hours to 75% of actual exported kilowatt-hours and the reduced rate paid, ratepayers who receive a year-end credit payment are reimbursed at approximately 30% of the full retail rate for the excess net kilowatt-hour they export to the grid.

### **How the Projections in PREPA's Fiscal Plan Account for Net Metering**

12. The long-term financial projections that support the 2023 PREPA Fiscal Plan, as certified by the FOMB, assume that the current crediting rates under the net metering program remain in place for the full forecast period (from FY2024 through FY2052). This is because the fiscal plan's financial model accounts for each additional kilowatt-hour produced by DG as a reduction in kilowatt-hours sold on a 1:1 basis. In other words, to take a hypothetical example, if rooftop solar is projected to increase by 1 million kWh in the next year, the fiscal plan's model projects a decrease in electricity sales by 1 million kWh.

13. If PREPA's fiscal plan had accounted for a potential change to the 1:1 ratio in the monthly credit that net metering customers currently receive, the model would assume less than a 1:1 reduction in electricity sales from increased production in DG. This treatment of DG production in PREPA's fiscal plan financial model assumes that customers with DG are net metering customers that either 1) offset their consumption, or 2) receive a 1:1 bill credit for all rate elements included in the projection.

14. The calculation that shows the forecasted 1:1 relationship between DG production and PREPA electricity sales can be found in the Excel file named "PREPA FY2024 Fiscal Plan Model\_vSHARE," which is the model on which the fiscal plan is based. In rows 143–149 of the worksheet labeled "Load," the model subtracts 100% of the amount of forecasted new DG production in rows 72–99 from PREPA's electricity sales (organized by customer type).

15. The assumption that 100% of new DG production reduces PREPA's sales on a 1:1 basis has been included in every FOMB-certified PREPA fiscal plan since 2019.

16. The 2023 PREPA Fiscal Plan projects total sales of electric energy in Puerto Rico to be 12.6 TWh by Fiscal Year 2030 (ending June 30, 2030, and including January 2030).

17. The 2023 PREPA Fiscal Plan projects total incremental generation from new renewable DG capacity to be 1.4 TWh by Fiscal Year 2030, which represents 11% of projected sales of electric energy in that year.

I declare under penalty of perjury that the foregoing facts are true and correct to the best of my knowledge.

Dated: October 23, 2024  
San Juan, Puerto Rico

/s/ Lucas Porter  
Lucas Porter